

Minutes of the  
Board of Water and Natural Resources  
Telephone Conference Call Meeting

April 13, 2004  
10:30 a.m. CDT

CALL TO ORDER: The meeting was called to order by Chairman Gregg Greenfield. A quorum of the board members participated.

BOARD MEMBERS: Gregg Greenfield, John Loucks, Gene Jones, Dale Kennedy, Brad Johnson, and Don Rounds.

BOARD MEMBERS ABSENT: Don Bollweg.

OTHERS: Kathy Kardell, Public Financial Management, Inc., (PFM); Bruce Bonjour, Perkins Cole; Bert Olson and Kristie Wiederich, The First National Bank in Sioux Falls (FNB); Harold Deering, Attorney General's Office, Jay Gilbertson, East Dakota Water Development District; and Dave Templeton, Jim Feeney, and Mike Perkovich, Department of Environment and Natural Resources.

SELECTION OF INVESTMENT BANKER SENIOR MANAGER: Chairman Greenfield reported that on April 5 and 6, 2004, the board subcommittee, department staff, PFM, FNB, and Bruce Bonjour interviewed the five firms that responded to the Request for Proposals for an investment banker to serve as senior manager for the 2004 bond issue. Chairman Greenfield noted that there is a good chance the rating for the bond issue will be AAA. There is some question as to whether or not the board wants to pursue a second rating, and if so, would it be with Standard & Poors or Fitch. The opinions of the firms on whether to get a second rating varied greatly.

Chairman Greenfield said the subcommittee recommended to retain UBS Financial Service, Inc. as the senior managing underwriter with Dougherty & Company and Northland Securities as co-managers. The bond allocation is 70% to UBS, 20% to Dougherty and 10% to Northland.

Chairman Greenfield noted that USB Financial Services has agreed to reduce its management fee to \$0.65.

Regarding the ratings, Chairman Greenfield recommended getting one rating from Moodys.

Kathy Kardell stated that PFM will meet with Moodys to discuss the restructuring of the program and to formally request a rating from them. PFM will also visit with Fitch and S&P.

Motion by Kennedy, seconded by Jones, to accept the recommendation of the subcommittee and adopt Resolution # 2004-48 approving the selection of UBS Financial Services, Inc. to serve as senior managing underwriter to the South Dakota Conservancy District for the 2004 bond issue,

Board of Water and Natural Resources  
April 13, 2004, Conference Call Minutes

selecting Dougherty & Company LLC and Northland Securities as co-managers for the 2004 bond issue, and directing staff to negotiate a contract with the senior manager for the proposed 2004 bond issue, and to authorize PFM to continue to monitor whether to lock in a rate. A roll call vote was taken and the motion carried.

Bruce Bonjour said the board should give guidance to the underwriter as to which law firm they should work with as underwriter's counsel.

Chairman Greenfield asked staff and PFM to contact the firms regarding the board's decision.

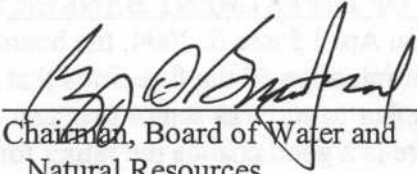
OTHER BUSINESS: Mr. Feeney requested that the board approve travel reimbursement for those members who attend the Perkins County Rural Water System groundbreaking ceremony on May 1, 2004. John Loucks and Dale Kennedy indicated that they plan to attend.

Chairman Greenfield asked Mr. Loucks and Mr. Kennedy to represent the Board of Water and Natural Resources at the groundbreaking.

ADJOURN: Chairman Greenfield declared the meeting adjourned.

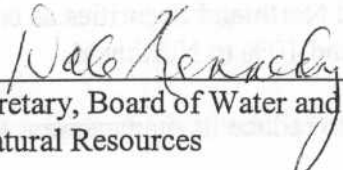
Approved this 24 day of June, 2004.

(SEAL)



Chairman, Board of Water and  
Natural Resources

ATTEST:



Secretary, Board of Water and  
Natural Resources